

Borough of Tenafly

Municipal Budget Overview

2014 Municipal Budget Presentation

Date of Budget Hearing:

Tuesday, April 29, 2014



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Budget FAQs: How it's Done

1. **When does the fiscal year start and when does it end?**

The Borough of Tenafly fiscal year begins January 1st and ends December 31st

2. **How much is the average annual budget?**

The Borough's average annual budget is approximately \$26-27 million per year.

3. **Who is involved in the budget preparation process?**

Budget preparation includes the efforts of the Borough Administrator, Chief Financial Officer, Department Heads, the Mayor and Council, the Municipal Auditor, Bond Counsel, and Tenafly Residents who attend public budget meetings and review the published budget information.

4. **How Many Departments does Tenafly have and what are they?**

Tenafly Borough has 12 operating departments: Administration, Borough Clerk, Buildings, Finance, Fire, Municipal Court, Police, Public Works, Recreation, Senior Citizens, and Volunteer Ambulance & Youth Services. The Tenafly Public Library is managed by a Director, who reports to an autonomous Board of Trustees.

5. **How do the Departments request their budgets?**

All departments must make their initial budget requests through a detailed budget preparation process that includes the submission of information on all staff costs and line items for other expenses; including an itemized listing and justification for each item. Budget packages are distributed in October of each year.

6. **What effort does Tenafly make to encourage public participation and knowledge about the annual budget?**

The Borough conducts a series of open public meetings regarding the annual budget, which are publicized on the Borough website and in the local newspaper. We also post explanatory budget information for multiple years on the Borough's website for citizens to become better informed and to compare annual data as desired.

7. **To who is the budget submitted?**

The municipal budget is submitted to the Division of Local Government Services within the NJ Department of Community Affairs located in Trenton, New Jersey after Introduction and Adoption.

8. **Who audits the budget?**

A professional accounting and auditing firm named Lerch, Vinci & Higgins, which was contracted through a public solicitation.

9. **Who approves the budget?**

The Borough Council, as the Governing Body acting on behalf of Tenafly, and the Division of Local Government Services on behalf of the State.

Budget FAQs: How it's Done

10. What budget format does the municipality use?

Tenafly uses a line-item budget document based on standardized state budget forms that are prepared in a Microsoft Excel format. The forms are prepared by the Division of Local Government Services and posted to their website for downloading and completion.

11. What is the approach used to develop the budget?

Our budget methodology involves the formulation of a balanced budget in which the anticipated expenditures equal anticipated revenues. The Borough cannot operate in a deficit. The budget's development is based on sound financial planning and appropriating monies to cover the mandated and applicable discretionary costs allowed for in the state budget forms.

12. What criteria are used in determining how much funding is allocated to each department?

- We use the prior three year's budgets as a benchmark while taking into account other budget control factors such as:
- Analyzing itemized budgets for all departments to identify new savings opportunities;
- Managing attrition to control salary and wage costs;
- Placing strict internal controls to restrict personnel costs, discretionary spending, professional services, and overtime;
- Controlling the total number of full-time employees by using extra-duty assignments and part-time or temporary personnel where feasible;
- Examining new service delivery options for all departments;
- Exploring additional opportunities for shared services with neighboring communities;
- Negotiating with municipal unions for greater employee cost sharing provisions;
- Expanding the use of grant funds to off-set municipal costs; and
- Forecasting and planning for budget impacts beyond the current fiscal year.

13. What are the major budget revenue sources and their percentages?

- a. Property Taxes: 82%
- b. Local Revenues: 14%
- c. Grants & Aid: 4%

Budget FAQ's: How it's Done

14. What are some key budget expenditures and their percentages?

- a. Public Safety: 22%
- b. Public Works: 17%
- c. Debt Service: 11%
- d. Insurance 9%
- e. Pensions: 8%
- f. General Government: 6%
- g. Public Library: 5%

15. Does the Borough contract out services?

Tenafly contracts out many services, mostly to licensed professionals, e.g., Engineering, Legal, Auditing, Planning, Garbage Collection, Health Services, Animal Control, and Specialized Communication and Repair Services.

16. How does the municipality finance capital projects?

The City uses General Obligation Bonds and notes as the main sources of funding for capital projects.

17. What are the intergovernmental aspects involved with the budget?

All 565 of New Jersey's municipalities are under state management through the Division of Local Government Services under the New Jersey Department of Community Affairs. Our day-to-activities are so interdependent that the state sends municipalities information and instructions regarding budgets, accounting, grants, and other related activities on a daily basis. Municipalities also receive critical property valuation assessment information from their respective counties that is used to calculate the annual tax levy. Finally, the Borough of Tenafly is responsible for collecting the full amount of property taxes that are ultimately dispersed to Bergen County and the Tenafly Board of Education.

18. What are the components of the total tax levy and their approximate annual percentages?

- a. Tenafly Public Schools: 65%
- b. Tenafly Borough: 23%
- c. Bergen County: 11%
- d. Tenafly Library: 02%

2014 Budget Overview: Goals

- The 2014 introduced municipal budget approved by the governing body is scheduled for public hearing and adoption on Tuesday, April 29, 2014. The budget has been prepared based on the following goals:
- Maintain critical services at current levels;
- Seek operating efficiencies where possible and take advantage of opportunities to save money for the Borough's taxpayers;
- Reduce operating costs without diminishing services any more than necessary, and if possible, enhance municipal services to residents through improved coordination and technology;
- Pursue opportunities for shared services when possible; and
- Maintain a long-term view that assures stability of the municipal budget and tax rates over future years.

2014 BUDGET OVERVIEW: Tax Levy & Rate

The proposed tax levy for 2014, based on the attached budget presented for adoption has increased by \$246,758 from \$21,993,579 in 2013 to \$22,240,337 which equates to 1.1 %. This is substantially lower than the 2% maximum allowable levy increase permitted by the state based on the local tax levy cap law. This change in the levy includes a decrease in revenue (\$34,436) and an increase in appropriations (\$212,322).

The borough wide property assessment valuation for 2014 is \$3,863,598,020; an increase of \$11,833,862 over 2013. Based on the 2014 assessed valuation, the \$246,758 tax levy increase equates to a municipal tax rate of .576 which is an increase from .571 in 2013. This would result in an average tax per home of \$4,558, an increase of \$59 based on the 2014 average assessed valuation listed in the chart below.

Description	2014	2013	% Change
Total Assessment Valuation	\$3,863,598,020	\$3,851,764,158	<1%
Municipal Tax Rate	0.576	0.571	.8%
Average Per Home (\$791,758)	\$4,558	\$4,499	1.3%

2014 BUDGET OVERVIEW: Finances

REVENUES

- Total anticipated revenue decreased by \$34,436 from 2013 or 1.1%
- State aid anticipated is \$1,119,801; the same as 2013
- Surplus appropriated is \$1,500,000; the same as 2013
- Grants anticipated have increased by \$6,408
- Fees & miscellaneous revenue: a net decrease of approximately \$40,844 is anticipated from municipal sources. Municipal Court fines and costs decreased \$120,000 due to a reduction in the number of summonses issued in 2013

APPROPRIATIONS

- Total appropriations of \$27,060,809 in 2014 compares to \$26,848,487 budgeted in 2013; an increase of \$212,322 or .8%.

2014 BUDGET OVERVIEW: Increases

- **Salaries & Wages:** \$189,245 or 1.95% primarily due to contractual step increments for police and public works employees who have not reached the top step of the salary guide in addition to an estimated 2% increase for all non-uniformed personnel.
- **Trash Removal:** \$65,000 due to the expiration of the borough's garbage collection contract in December, bids were solicited and received in February for a new contract. Based on the lowest bid, the annual cost for a new five year contract will increase by \$103,800 with the same hauler who extended the contract to April 30 at the previous rate.
- **Statutory Charges:** \$12,500 for DCRP and Social Security taxes due to contractual payroll increases.
- **Reserve for Uncollected Taxes:** \$50,000 based on the auditor's recommendation.
- **TVAC and Fire Department:** \$45,500 due primarily to the incentive and uniform allowance line items for anticipated new members.
- **Library:** \$33,825 based 1/3 mil of realized valuation provided by the State.
- **Deferred Charges:** \$31,080 offset by revenue of \$32,000 for debt service reserve payment.
- **Public Works other expense:** \$24,815 due to increases in supplies, street signs and, equipment rental, and motor vehicle parts and accessories.
- **Liability Insurance:** \$17,755 based on the JIF renewal rates.
- **BCUA Sewer Charge:** \$13,877, an increase of .9% over 2013.
- **Utility Expenses:** \$13,020 based on estimated increases for electricity usage and fire hydrant charges assessed by United Water.
- **Administration other expenses:** \$10,050 due to an increase in the computer supplies line item reflecting a new service agreement with Xerox.
- **Capital Improvements:** \$5,000 for the 5% down payment required to fund approved 2014 capital projects.

2014 BUDGET OVERVIEW: Decreases

Payroll Adjustment: \$90,000 for deferred 2013 police wage increments and longevity increases not included in the 2013 police S&W budget.

Municipal Debt Service: \$62,672 attributable to the utilization of Open Space Trust Funds for payment of the borough's Green Trust obligations.

Garbage Disposal Fees: \$50,000 savings reflects an anticipated agreement with the BCUA effective May 1, 2014, based on the expected commencement date of the new trash removal contract that expired December 31.

Police other expenses: \$43,110 due primarily to the vehicle purchase line item budgeted for \$70,000 in 2013 for two vehicles and proposed in the 2014 budget for one vehicle as the two new 2013 vehicles were delivered in November.

Group Insurance: \$35,000 based on additional employee premium contributions mandated by the State effective 7/1/2014.

Statutory Charges: \$17,715 of reductions in the employer pension liability in 2014 for both PERS and PFRS due to revisions in the Sate actuarial report.

2014 Budget Summary: Sources & Uses of Funds

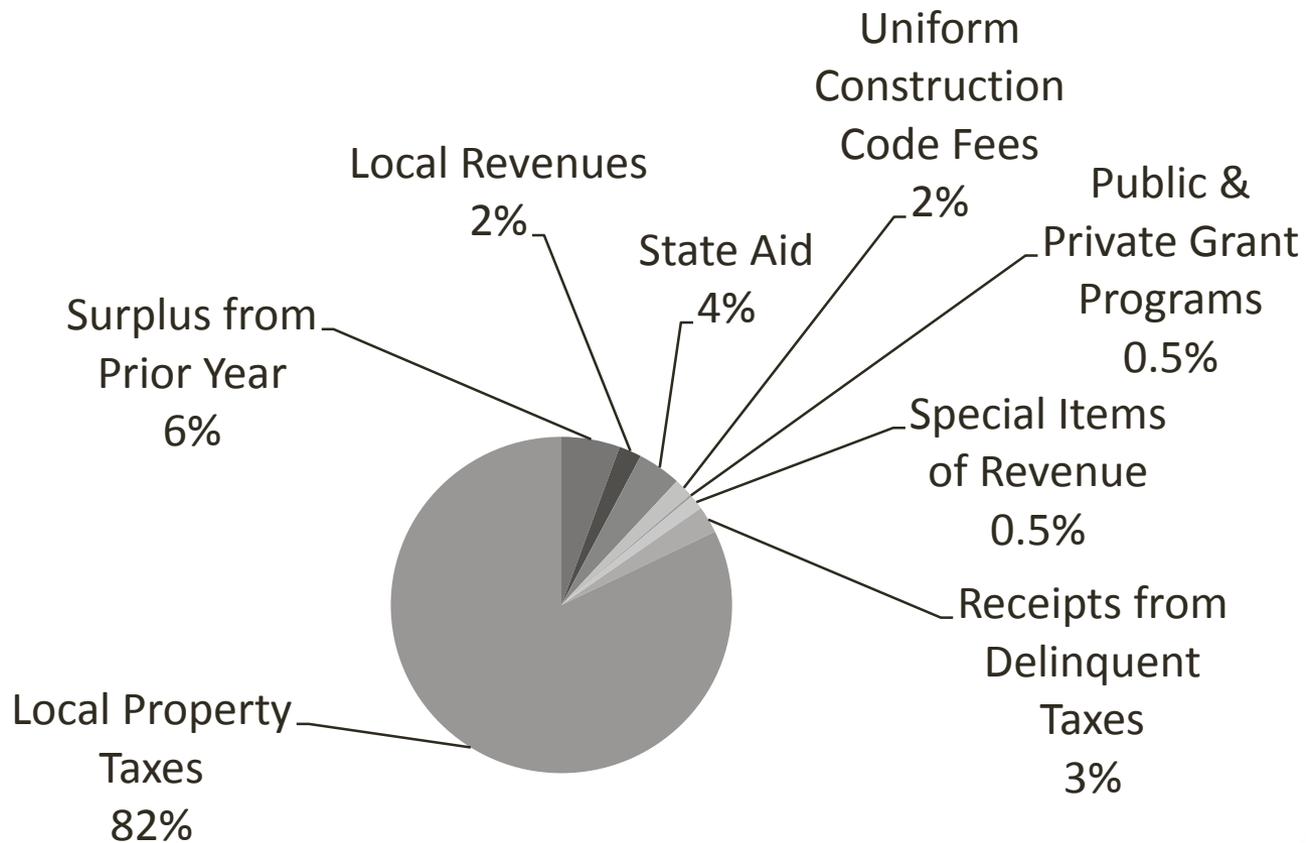
HOW IT'S GENERATED

Surplus from Prior Year	\$1,500,000
Local Revenues	\$581,000
State Aid	\$1,119,801
Uniform Construction Fees	\$485,000
Public & Private Grant Programs	\$58,023
Special Items of Revenue	\$376,648
Receipts from Delinquent Taxes	\$700,000
Local Property Taxes	\$22,240,337
TOTAL	<u>\$27,060,809</u>

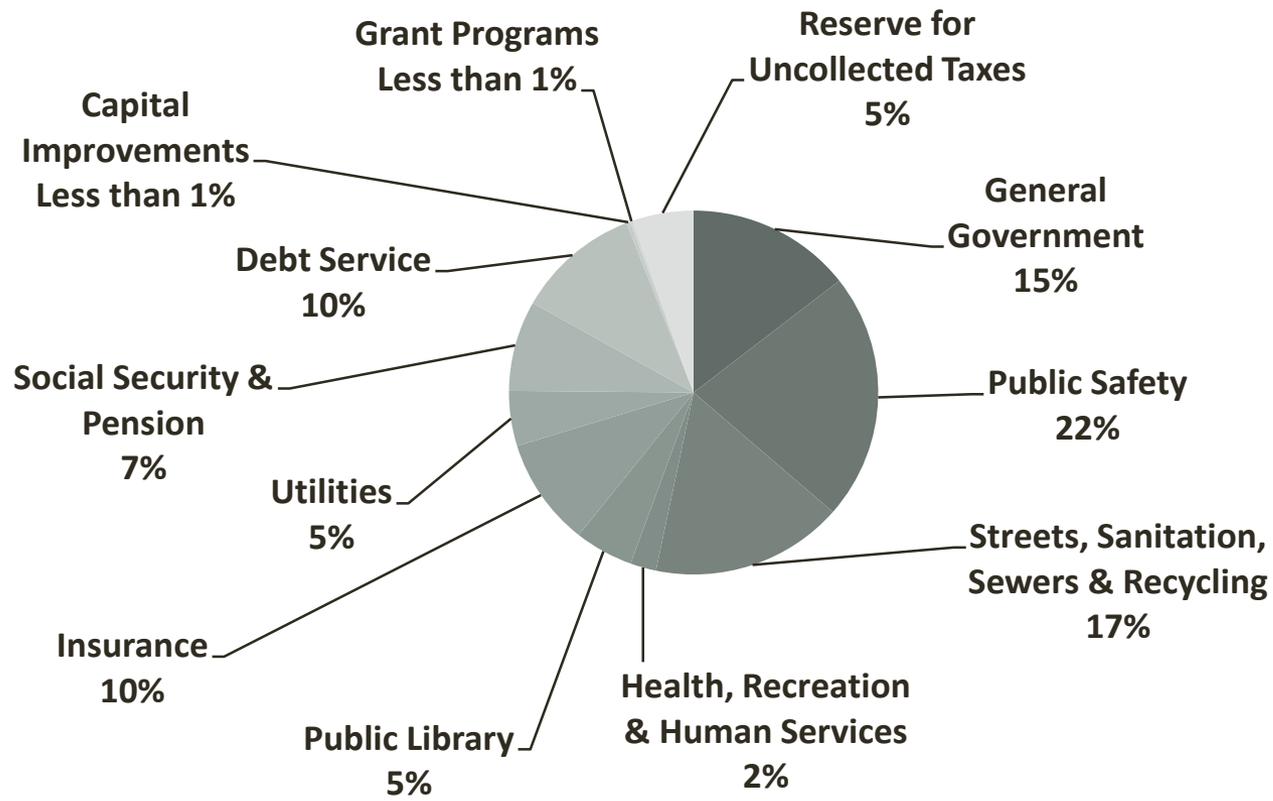
HOW IT'S ALLOCATED

General Government	\$3,915,577
Public Safety	\$5,933,601
Streets, Sanitation, Sewers & Recycling	\$4,566,514
Health, Recreation & Human Services	\$612,908
Free Public Library	\$1,394,468
Municipal & Employee Insurance	\$2,588,894
Unclassified Expenses	\$1,323,066
Social Security & Retirement Programs	\$2,173,720
Municipal Debt Service	\$2,947,804
Capital Improvements & Major Equipment	\$95,000
Public & Private Grant Programs	\$59,257
Reserve for Uncollected Taxes	\$1,450,000
TOTAL	<u>\$27,060,809</u>

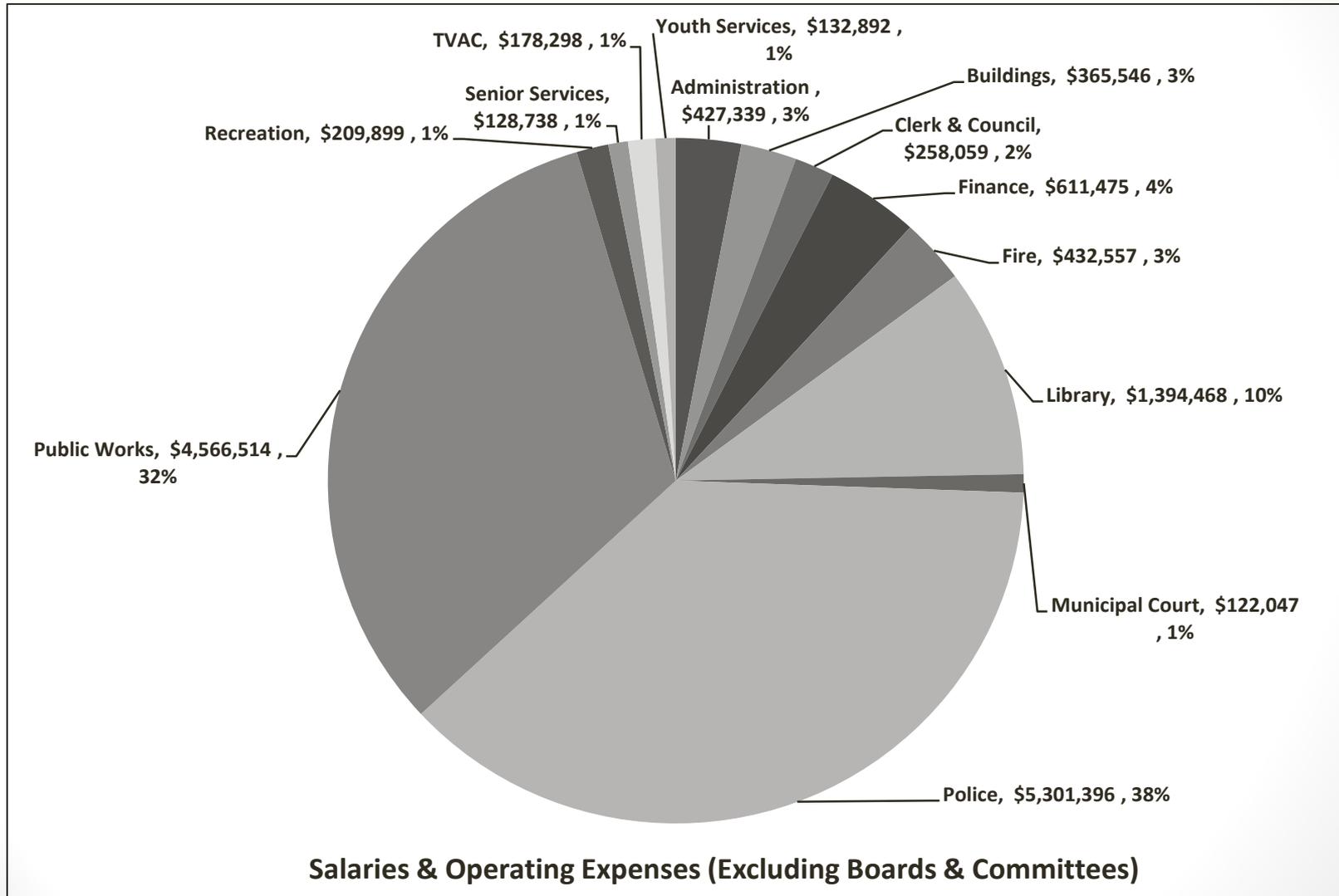
2014 Municipal Revenue Breakdown



2014 Municipal Budget Breakdown



Breakdown by Operating Department



HISTORICAL OVERVIEW: Tax Rates 2011-2014

2014 Municipal Budget - Introduction				
TAXATION				
Municipal				
2014 Amount to be Raised by Taxation	\$ 22,240,337			
2013 Amount to be Raised by Taxation	\$ 21,993,579			
Increase	\$ 246,758			1.1%
2014 Municipal Tax Rate (per \$100)	0.576			
2013 Municipal Tax Rate (per \$100)	0.571			
Increase	0.005			0.8%
TAX IMPACT ON AVERAGE HOUSE				
		2013	2014	Increase
2014 Assessed @ \$791,758	\$	4,558	\$ 4,499	\$ 59
2013 Assessed @ \$787,998				
ASSESSED VALUE				
2014 \$	3,863,598,020			
2013 \$	3,851,764,158			

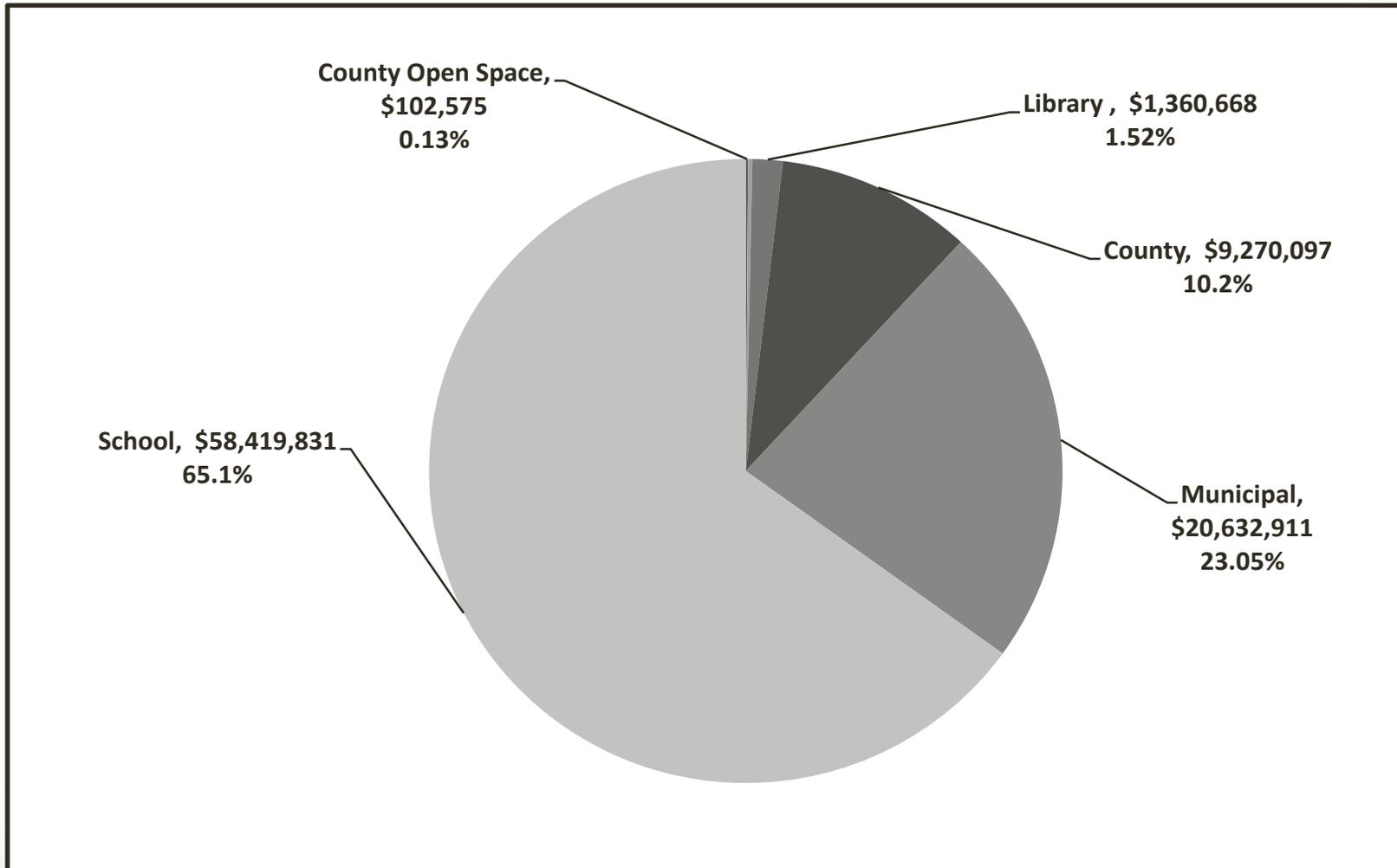
2013 Municipal Budget - Introduction				
TAXATION				
Municipal				
2013 Amount to be Raised by Taxation	\$ 21,993,579			
2012 Amount to be Raised by Taxation	\$ 21,686,302			
Increase	\$ 307,277			1.4%
2013 Municipal Tax Rate (per \$100)	0.571			
2012 Municipal Tax Rate (per \$100)	0.564			
Increase	0.007			1.2%
TAX IMPACT ON AVERAGE HOUSE				
		2012	2013	Increase
2013 Assessed @ \$804,028	\$	4,520	\$ 4,591	\$ 71
2012 Assessed @ \$801,502				
ASSESSED VALUE				
2013 \$	3,850,491,900			
2012 \$	3,838,392,985			

2012 Municipal Budget - Introduction				
TAXATION				
Municipal				
2012 Amount to be Raised by Taxation	\$ 21,686,302			
2011 Amount to be Raised by Taxation	\$ 21,482,052			
Increase	\$ 204,250			1.0%
2012 Municipal Tax Rate (per \$100)	0.564			
2011 Municipal Tax Rate (per \$100)	0.559			
Increase	0.005			0.9%
TAX IMPACT ON AVERAGE HOUSE				
		2011	2012	Increase
2012 Assessed @ \$804,028	\$	4,382	\$ 4,520	\$ 138
2011 Assessed @ \$801,502				
ASSESSED VALUE				
2012 \$	3,838,392,985			
2011 \$	3,835,849,156			

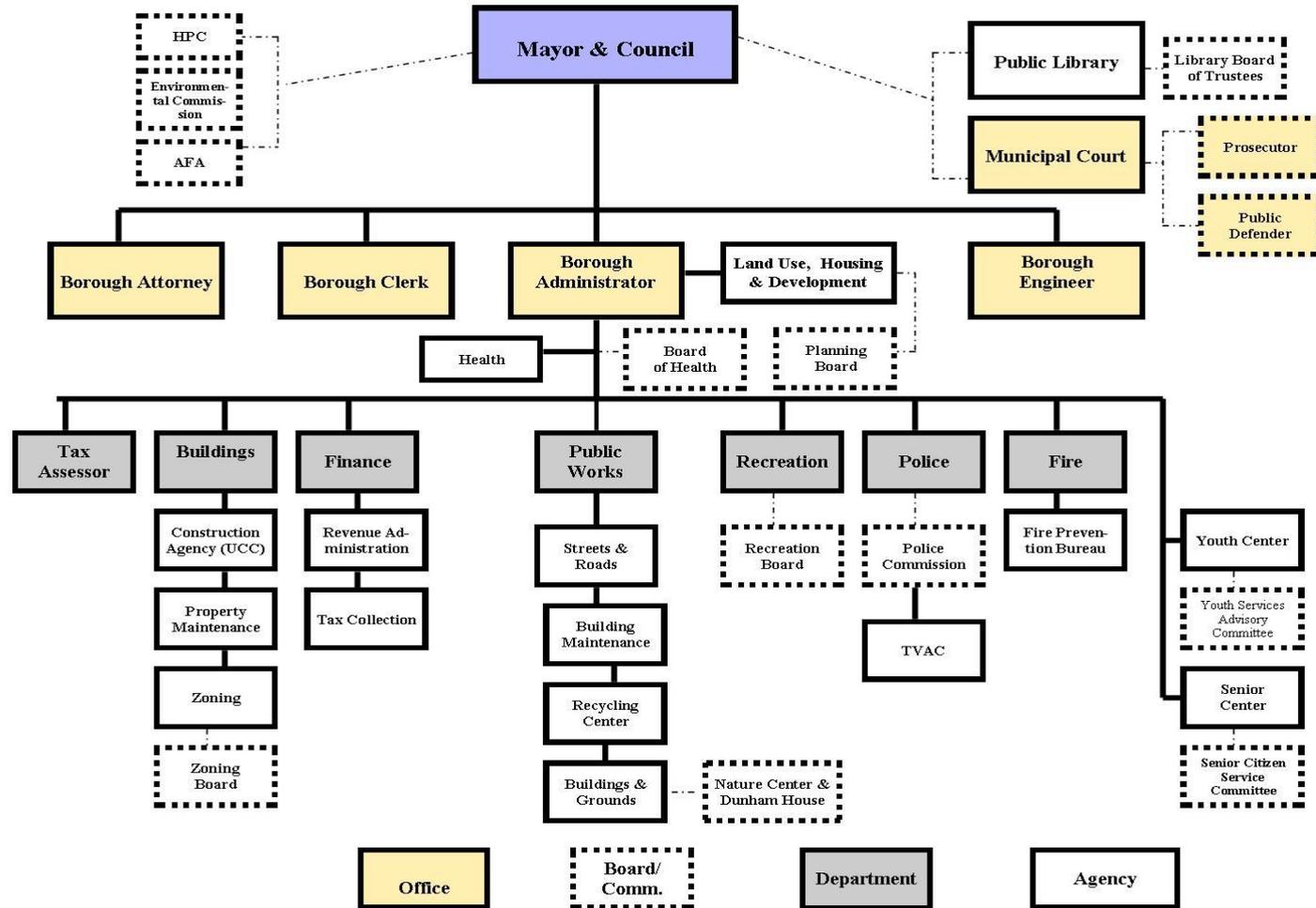
2011 Municipal Budget - Introduction				
TAXATION				
Municipal				
2011 Amount to be Raised by Taxation	\$ 21,482,052			
2010 Amount to be Raised by Taxation	\$ 21,374,225			
Increase	\$ 107,827			0.5%
2011 Municipal Tax Rate (per \$100)	0.559			
2010 Municipal Tax Rate (per \$100)	0.694			
Increase	-0.135			1.2%
TAX IMPACT ON AVERAGE HOUSE				
		2010	2011	Increase
2011 Assessed @ \$804,028	\$	4,408	\$ 4,382	\$ (26)
2010 Assessed @ \$801,502				
ASSESSED VALUE				
2011 \$	3,863,598,020			
2010 \$	3,851,764,158			

HISTORICAL OVERVIEW: 2013 Total Tax Levy

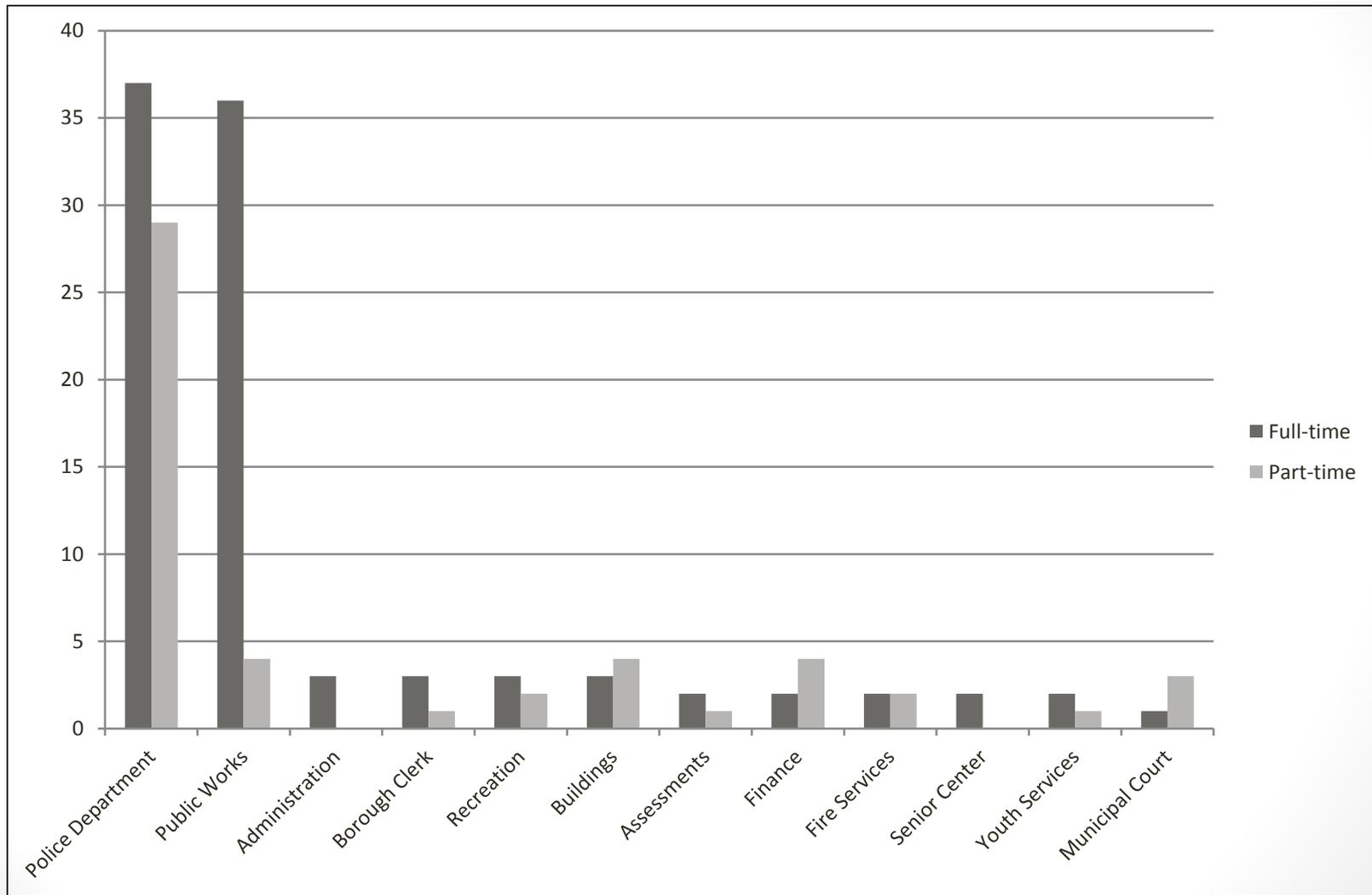
Sample Year for Illustrative Purposes Only



TENAFLY ORGANIZATIONAL CHART



Employees by Department: 145 Total



Employees by Bargaining Unit: 145 Total

